



Gray Davis, Governor

January 3, 2003

State of California
Employment Training Panel

TITLE 22 CALIFORNIA CODE OF REGULATIONS

EMPLOYMENT TRAINING PANEL

NOTICE OF PROPOSED RULEMAKING

The Employment Training Panel ("Panel") plans to formally adopt the emergency regulation described below after considering all comments, objections or recommendations regarding the proposed action.

PUBLIC HEARING

The Panel has not scheduled a public hearing on this proposed action. However, the Panel will hold a hearing on February 17, 2003, at the Panel's Sacramento Central office, if it receives a written request for a public hearing from any interested person, or his or her authorized representative, no later than 15 days before the close of the written comment period.

WRITTEN COMMENT PERIOD

Any interested person, or authorized representative, may submit written comments to the Panel relevant to the proposed regulatory action. The written comment period closes at 5:00 p.m. on February 17, 2003. All comments must be submitted in writing (by mail, fax or e-mail) and received by that time at the Panel's office. Submit comments to:

Deanna Fong
Employment Training Panel
1100 J Street, 4th Floor
Sacramento, CA 95814
E-mail: Dfong@etp.ca.gov
FAX (916) 327-5270

PROPOSED REGULATORY ACTION

The Panel proposes to formally adopt section 4407.1, Small Business Owners, in Title 22 of the California Code of Regulations. The Office of Administrative Law (OAL) approved this regulatory action as an emergency on November 18, 2002. This section also became effective on November 18, 2002.

Unemployment Insurance Code, section 10205(m) directs the Panel to adopt by regulation procedures for the conduct of Panel business, including the scheduling and conduct of meetings, the review of proposals, the disclosure of contacts between Panel members and parties at

SACRAMENTO CENTRAL OFFICE
1100 J STREET, 4th FLOOR
SACRAMENTO, CA 95814
916-327-5640

NORTH HOLLYWOOD FIELD OFFICE
4640 Lankershim Blvd, Suite 311
North Hollywood, CA 91602
818-755-1313

SAN MATEO FIELD OFFICE
177 BOVET ROAD, Suite 180
San Mateo, CA 94402
650-655-6930

SAN DIEGO FIELD OFFICE
5333 Mission Center Road, Suite 300
San Diego, CA 92108
619-686-1920

interest concerning particular proposals, contracts or cases before the Panel or its staff, the awarding of contracts, the administration of contracts, and the payment of amounts due to contractors.

The Panel proposes to adopt section 4407.1 to permit the owners of small businesses participating in the Panel's Small Business Pilot Project to take part in the training with his/her employees. The Small Business Pilot Project is the Panel's pilot project to test an expedited application and contract development process designed to allow a greater number of small businesses with 100 or fewer employees to participate in Panel-funded training.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Existing law states that the purpose of the Panel's enabling legislation is to establish a strategically designed employment training program to promote a healthy labor market in a growing, competitive economy. This employment training program shall foster job creation, minimize employer unemployment insurance costs, and meet the need for skilled workers by providing skills training to those who have remained unemployed, and to potentially displaced workers who would otherwise become unemployment insurance recipients.

It is further the intent of the Legislature that training funded pursuant to these statutory sections and existing regulations make a substantial contribution to the long-term job security of the trainees, and that all training funded through this program result in full-time employment for those successfully completing the training.

Unemployment Insurance Code, section 10205(m) authorizes the Panel to adopt regulations which implement, interpret or make specific section 10200 et seq. of the Unemployment Insurance Code.

On November 18, 2002, OAL approved the following changes as an emergency regulatory action:

Existing regulation specifies that the Panel can only fund training for owners of small businesses with less than 10 employees in projects under the Special Employment Training category. The proposed regulation would allow the Panel to fund training for the owners of small businesses with 100 or less employees under the Small Business Pilot Project.

EFFECT OF PROPOSED ACTION

The proposed regulatory action would implement and make specific the Unemployment Insurance Code sections governing operation of the Panel. The Panel program is designed to provide funds for training the California workforce in the skills necessary for California businesses to remain viable and compete in both the national and global economies, while providing workers with good wages and secure employment. The proposed regulatory action is promulgated to assist the Panel in complying with the legislative priorities of the program. This proposed regulatory action would help ensure that training funds are used to effectively train workers of small businesses.

ASSESSMENT STATEMENT

The proposed action also has been assessed relative to the extent which it will create new jobs within the State of California, the creation of new business within the State, and the expansion of businesses currently doing business within the State of California. The intent and purpose of the Panel program are to foster job creation, foster retention of high-wage, high-skilled jobs that

are threatened by out-of-state competition, train new employees of firms locating or expanding in the state, train displaced workers and develop workers with skills that prepare them for the challenges of a high performance workplace of the future.

The Panel Strategic Plan 2002-2003 was utilized as evidence of the effect which the Panel program will have on these factors. It is anticipated that the proposed action will also have a beneficial effect on creation of new jobs and new business within the State, as well as expansion of businesses currently doing business within the State of California. In Fiscal Year 2001-02, the Panel committed all of its available training funds. The Panel also allocates funds for economic development to prevent companies from leaving the state, or to strengthen businesses that are expanding or relocating in California. Pursuant to 1 CCR 4, the Panel has determined that the proposed regulatory action may affect small businesses as defined in this section.

AUTHORITY AND REFERENCE

Unemployment Insurance Code, section 10205(m) authorizes the Panel to promulgate the proposed regulations, which will implement, interpret or make specific sections 10200, 10201, and 10203, as follows:

Unemployment Insurance Code section 10200 authorizes the Panel to fund only projects that meet specific criteria.

Unemployment Insurance Code section 10201 provides definitions of terms used in the chapter.

Unemployment Insurance Code section 10203 specifies that the executive director will designate staff in each of the field offices to develop projects for small businesses and expedite the processing of training proposals from small businesses.

SIGNIFICANT STATEWIDE ADVERSE ECONOMIC IMPACT DIRECTLY AFFECTING BUSINESSES

The Panel has made an initial determination that adoption of this regulation will not have a significant statewide adverse economic impact on directly affected businesses, including the ability of California businesses to compete with businesses in other states.

COST IMPACTS ON REPRESENTATIVE PRIVATE PERSONS OR BUSINESSES

The Panel has made an initial determination that the adoption of this regulation will not have a significant cost impact on representative private persons or businesses. The Panel is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

LOCAL MANDATE DETERMINATION

The Panel has determined that the proposed regulatory action does not impose any mandate on local agencies or school districts. The Panel has also determined that no nondiscretionary costs or savings to local agencies or school districts will result from the proposed regulatory action. Furthermore, the Panel has determined that the proposed regulatory action does not impose costs on any local agency or school district which must be reimbursed in accordance with Government Code section 17561.

COST OR SAVINGS TO STATE AGENCIES

The Panel has determined that no savings or increased costs to any State agency will result from the proposed regulatory action.

EFFECT ON FEDERAL FUNDING TO THE STATE

The Panel has determined that the proposed regulatory action results in no costs or savings in federal funding to the State.

EFFECT ON HOUSING COSTS

The Panel has made an initial determination that the adoption of this regulation will have no significant effect on housing costs.

CONSIDERATION OF ALTERNATIVES

The Panel must determine that no reasonable alternative considered by it, or that has otherwise been identified and brought to the attention of the Panel, would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons or businesses than the proposed regulatory action. The Panel invites interested persons to present statements or arguments with respect to alternatives to the proposed regulation at the hearing, if requested, or during the written comment period.

CONTACT PERSONS

Requests for copies of the proposed text of the regulation, the initial statement of reasons, the modified text of the regulation, if any, or other information upon which the rulemaking is based should be directed to:

Lisa Douglas
Employment Training Panel
1100 J Street, Fourth Floor
Sacramento, California 95814
Telephone: (916) 327-5263

In the event the contact person is unavailable, inquiries regarding the proposed regulatory action should be directed to the following backup contact person:

Deanna Fong
Employment Training Panel
1100 J Street, 4th Floor
Sacramento, CA 95814
Telephone: (916) 327-5422

Inquiries concerning the substance of the proposed action may be directed to Deanna Fong at the address and phone number specified above.

AVAILABILITY OF STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATION

The Panel will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its Sacramento central office, as specified herein. Additionally, this

notice of proposed action, the initial statement of reasons, and the proposed text of the regulation are also available on the Panel's Internet Home Page (<http://www.etp.ca.gov>). As of the date this notice is published in the Notice Register, the rulemaking file consists of: (1) this notice, (2) the proposed text of the regulation, (3) the initial statement of reasons, and (4) the Panel Strategic Plan 2002-2003. Copies may be obtained by contacting Lisa Douglas at the address or phone number listed above.

AVAILABILITY OF CHANGED OR MODIFIED TEXT

After holding the public hearing, if requested, and considering all timely and relevant comments received, the Panel may adopt the proposed regulation substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text, the modified text, with changes clearly indicated, shall be made available to the public for at least 15 days prior to the date on which the Panel adopts the regulation. Requests for copies of the modified regulation, if any, should be sent to the attention of Lisa Douglas at the address indicated above. The Panel will accept written comments on the modified regulation for 15 days after the date on which they are made available.

AVAILABILITY OF FINAL STATEMENT OF REASONS

Following its preparation, a copy of the Final Statement of Reasons mandated by Government Code section 11346.9(a) may be obtained from the contact person named above. In addition, the Final Statement of Reasons will be posted on the Panel's Internet Home Page (<http://www.etp.ca.gov>).